

**NORTH LINCOLNSHIRE COUNCIL**

**ASSET MANAGEMENT, CULTURE AND HOUSING  
CABINET MEMBER**

**DISPOSAL OF OPERATIONAL COUNCIL PROPERTY  
(LAND AND BUILDINGS)**

**1. OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1 To consider a revised procedure for disposing of operational council property (land and buildings) that is surplus to requirements.

**2. BACKGROUND INFORMATION**

- 2.1 The council needs to have in place a procedure for disposing of surplus council property (land and buildings). The procedure that currently operates was approved in May 2004. A review of the procedure is now required that reflects current circumstances. In particular, to support our aspirations for a more pro-active and commercial approach to the management of our operational property assets.

**3. OPTIONS FOR CONSIDERATION**

- 3.1 The option presented for consideration is to adopt the following revised procedure:
- A service identifies a property as surplus to its operational requirements.
  - An assessment is carried out by Asset and Estate Management (Places Directorate) as to
    - ◆ the value and saleability of the asset
    - ◆ whether the property has any inherent liabilities, such as contamination costs or demolition costs that could exceed its value
    - ◆ whether the asset is in a category that would require consent from the Secretary of State for disposal
  - A joint report from the Director of the occupying service and the Director of Places is taken to the relevant Cabinet Member for the service, approving that the property be declared surplus and the date that this will take effect.
  - Services can only declare properties surplus with the support of the Director of Places. In cases where it is difficult to find an alternative

use for a property, Asset and Estate Management (Places Directorate) will work with the service to find a solution. Financial liability for meeting any ongoing costs associated with the property initially remains with the service for a maximum period not exceeding six months in duration. These costs might include any or all of the following:

- ◆ Utilities including; gas, electricity, water, other fuels, telecommunications etc
  - ◆ Business rates/NNDR
  - ◆ Repairs and maintenance
  - ◆ Security, including provision of manned patrols
  - ◆ Grounds Maintenance
  - ◆ Insurance
  - ◆ Fire/Intruder Alarms
  - ◆ Asbestos management
- Thereafter, if the property has not been marketed for disposal, responsibility for any ongoing costs will transfer to Asset and Estate Management (Places Directorate).
  - Asset and Estate Management (Places Directorate) will circulate details of the property to all council services. Any service wishing to take the property will do so by identifying a clear business need based upon their service asset management plan.
  - Where part of a property is surplus, there will need to be close working between the occupying service and Asset and Estate Management (Places Directorate). Any new user (in-house or external), will need to work effectively with the existing occupying service, and all costs must be fully recovered.
  - Proposals for the use of property are considered initially by Asset and Estate Management (Places Directorate) and then the Cabinet Member responsible for Asset Management. The decision will take into account:
    - ◆ any proposals received, weighed up against
    - ◆ value and saleability if the asset is disposed of
  - If the property is not required, the Director of Places will seek formal Cabinet Member approval to proceed with the disposal of the property in compliance with contract standing orders.

#### **4. ANALYSIS OF OPTIONS**

- 4.1 Adopting the procedure as suggested ensures that all services understand their roles and obligations in relation to decisions to declare operational property as 'surplus to requirements' and ultimately to dispose of surplus property. The most significant change to the existing procedure is clarity on any ongoing financial liability for surplus property up to disposal. This has been a recurring problematic issue in applying the existing procedure. The revision should provide an incentive toward achieving a successful disposal in a timely manner or to make commercially sound decisions to hold on to surplus property, based for example on prevailing property market circumstances.

## **5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

- 5.1 Financial – Disposing of surplus property will reduce revenue costs and possibly generate capital receipts. The occupying service will hold budget provision to cover the operation of individual properties. This should continue to cover any ongoing responsibilities that arise after a property is declared surplus. The Places directorate currently has no budget provision to meet these costs.
- 5.2 Staffing – There are no staffing implications.
- 5.3 Property – Disposing of surplus property provides the opportunity to release assets that are no longer suitable for providing services and allows for generating capital to support the provision of new, fit for purpose facilities.
- 5.4 IT – There are no IT implications.

## **6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)**

- 6.1 Not applicable.

## **7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED**

- 7.1 Council Management Team have considered this matter and support the proposal.
- 7.2 There are no known conflicts of interest to highlight.

## **8. RECOMMENDATIONS**

- 8.1 That the Cabinet Member approves the revised procedure for disposing of operational council property (land and buildings) that is surplus to requirements.

DIRECTOR OF PLACES

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### **Background Papers used in the preparation of this report:**

- Minute 80 (33) of decisions taken by the Leader of the Council of 18 May 2004